## Incorrect Data Challenge

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### Incorrect Data Challenge

### What is an incorrect data challenge?

After the release of the draft cohort default rates, the U.S. Department of Education (the Department) provides schools an opportunity to review the draft data and, if necessary, work with the data manager responsible for the loans to correct any errors. The process of correcting data is called an incorrect data challenge. This process was formerly referred to as a draft data challenge.

Figure 4.1.1 shows the time frame for submitting an incorrect data challenge.

### Which schools are eligible to submit an incorrect data challenge?

Any school that receives a draft cohort default rate, including those with draft cohort default rates below 25.0 percent, is provided the opportunity to challenge its most recent draft cohort default rate. Because the draft data forms the basis for a school's official cohort default rate, it is important that every school review its loan record detail report for the draft cohort default rates and, if necessary, submit an incorrect data challenge. Even schools that have withdrawn from the Federal Family Education Loan (FFEL) and/or William D. Ford Federal Direct Loan (Direct Loan) programs should review the loan record detail report for the draft cohort default rates and, if appropriate, submit an incorrect data challenge.

Challenging draft cohort default rate data enables a school to request a correction to what it believes to be inaccurate data contained in the school's loan record detail report for the draft cohort default rates. A loan record detail report for the draft cohort default rates contains inaccurate data if

- a borrower's data was incorrectly reported in the draft cohort default rate calculation,
- a borrower was incorrectly included in the draft cohort default rate calculation, and/or
- a borrower was incorrectly excluded from the draft cohort default rate calculation.

**Figure 4.1.1** Time Frame for Submitting an Incorrect Data Challenge Incorrect Data Challenge 34 CFR 668.185(b) **School** receives draft **Start** cohort default rate. **School** sends data manager Incorrect Data **Data manager** sends Incorrect Data Challenge response. Dept. or data School manager's deadline deadline Key School's Action not last always required

34 CFR 668.185(b)

CHAPTER 4.1 ncorrect Data Challenge A school will not have a second opportunity to submit an incorrect data challenge

It is important to correct inaccurate data through an incorrect data challenge for a number of reasons:

- A school will not have a second opportunity to submit an incorrect data challenge; in its review, the school needs to ensure that no discrepancies exist among its records, the information obtained from outside sources, and the loan record detail report for the draft cohort default rates.
- The loan information used to calculate the draft cohort default rate will be used to calculate the school's official cohort default rate; the school needs to ensure that this data is accurate because official cohort default rates can result in certain benefits for the school or sanctions against the school.
- An incorrect data challenge will preserve a school's right to submit an uncorrected data adjustment if the agreed upon changes are not reflected in the official cohort default rate.
- An incorrect data challenge will preserve a school's right to submit an erroneous data appeal on the basis of disputed data if the school is subject to sanction after the release of the official cohort default rates.

## What benefit will a school gain from submitting an incorrect data challenge?

If it is determined that the draft cohort default rate data is inaccurate, and the data manager responsible for the inaccurate data agrees to make a change to the data, the school's official cohort default rate should reflect the change. The change to the data may lower, raise, or not affect the cohort default rate.

If the agreed upon changes are not reflected in the official cohort default rate, a school may submit an uncorrected data adjustment to the Department's Default Management after the release of the official cohort default rates to request that Default Management make the manual change to the school's cohort default rate.

If the data manager does not agree to change the data in a school's incorrect data challenge and the school is subject to sanction after the release of the official cohort default rates, the school may submit an erroneous data appeal based on the data the school believes is inaccurate if that data was included in the school's incorrect data challenge.

# CHAPTER 4.1 ncorrect Data Challenge

### What roles do the Department and data managers have in a school's incorrect data challenge?

A data manager is required to review a school's incorrect data challenge allegations if the incorrect data challenge allegations are submitted in a timely manner and the data manager has responsibility for the loans. If a school submits incorrect data challenge allegations to the wrong entity, the incorrect data challenge allegations will not be reviewed and the school could miss the deadline. The guarantor/servicer code on the loan record detail report identifies the data manager for a loan. See Chapter 2.3, "Loan Record Detail Report," for information on determining the data manager for a loan.

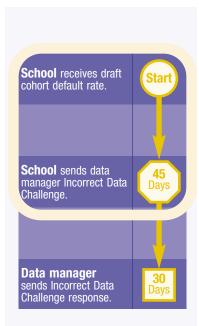
The data manager must respond to the school's incorrect data challenge allegations within 30 calendar days of receipt. However, the data manager must not review incorrect data challenge allegations if the school did not send the incorrect data challenge allegations within the 45-calendar-day time frame. If the data manager does not respond within 30 calendar days, the school should advise Default Management in writing of the delay.

The Department has two roles in the incorrect data challenge process. The primary role is to review a data manager's response to a school's incorrect data challenge to ensure that the response is correct.

The Department's other role is to respond to a school's incorrect data challenge if the Department is the data manager for the loans being challenged. The Department is the data manager for FFELs the Department holds and for all Direct Loans.

Default Management is responsible for responding to a school's incorrect data challenge for FFELs that the Department holds. These loans are primarily identified in the loan record detail report with a guarantor/servicer code of 555. See the "Alphabetical Data Manager Contacts" section of Chapter 2.6, "General Information Tools," for a listing of other codes that identify the Department as the holder of a loan.

The Department's Direct Loan servicer is responsible for responding to a school's incorrect data challenge for all Direct Loans, even those that are in default. These loans are identified in the loan record detail report with a guarantor/servicer code of 0101.



#### How does a school submit an incorrect data challenge?

Timing is critical when submitting an incorrect data challenge. In order to submit an incorrect data challenge, a school must review the loan record detail report for the draft cohort default rates to determine if the loan record detail report contains any inaccurate data. If the school believes the loan record detail report contains inaccurate data, it should submit an incorrect data challenge listing the school's incorrect data allegations to the data manager responsible for the loan with the inaccurate data. The school must submit the incorrect data challenge within 45 calendar days of receipt of the hardcopy loan record detail report for the draft cohort default rates.

Chapter 3.1, "School Strategies," outlines a method a school can follow to determine if the loan record detail report contains inaccurate data. The "Incorrect Data Challenge, New Data Adjustment, and Erroneous Data Appeal Tools" section of Chapter 4.11, "Challenge, Adjustment, and Appeal Tools," lists examples of incorrect data challenge allegations a school may submit as a part of an incorrect data challenge.

A school must list separate incorrect data challenge allegations for each loan record that the school believes contains inaccurate data. If one data manager is responsible for all the loans, the school must list all the allegations in one incorrect data challenge. However, if there are multiple data managers involved, the school must submit a separate incorrect data challenge to each data manager. For example, a school believes the loan record detail report contains three loans with inaccurate data. Two of the loans are held by one data manager; the other loan is held by a different data manager. The school must prepare two separate incorrect data challenges, one for each data manager, listing only the loans held by each data manager.

If a school submits an incorrect data challenge to the wrong entity, the incorrect data challenge will not be reviewed and the school could miss the deadline for challenging the draft data. Incorrect data challenges are not sent to Default Management unless the school is challenging a FFEL that the Department holds.

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The incorrect data challenge must include the following items:

A completed incorrect data challenge spreadsheet that lists the inaccurate data reflected on the loan record detail report.

Figure 4.1.2 is a sample school incorrect data challenge spreadsheet to a data manager. The instructions for creating and completing the spreadsheet are in the "Spreadsheet Tools" section of Chapter 4.11, "Challenge, Adjustment, and Appeal Tools."

### **Figure 4.1.2**

Sample School Incorrect Data Challenge Spreadsheet to Data Manager

Number of Borrowers: 3

Number of Loans:

Type: Incorrect Data Challenge

Cohort FY: 2001 From: Graphic Tech Code: 099999

To: State Guaranty Agency

Code: 111

	Α	В	C	D	E	F	G	Н	I	J	K
	Borrower's SSN	Borrower's Name	Type of Loans	Number of Loans	Earlier of LDA or LTH	Date Entered Repayment	CPD, DD, ICRD, or N/A	Cohort FY(s)	Effect on Calculation	Comments	Agree/ Disagree
2	2 010-10-0101	Hartsgrove, Matt	SF	1	12/21/1999	06/22/2000	06/25/2002	FY 2001 FY 2000	- B +D	Incorrect date entered repayment based on incorrect last day of attendance	N/A
;	101-01-1010	Freerkson, Drew	SF	1	N/A	N/A	N/A	FY 2001	-B	Loan was fully repaid and canceled	N/A
4	101-01-1010	Freerkson, Drew	SU	1	N/A	N/A	N/A	FY 2001	-B	Loan was fully repaid and canceled	N/A
!	5										
(	6										

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Copies of the appropriate pages from the loan record detail report(s).

The "Incorrect Data Challenge, New Data Adjustment, and Erroneous Data Appeal Tools" section of Chapter 4.11, "Challenge, Adjustment, and Appeal Tools," lists examples of the loan record detail report pages a school should submit as a part of an incorrect data challenge.

Copies of relevant supporting documentation.

The "Incorrect Data Challenge, New Data Adjustment, and Erroneous Data Appeal Tools" section of Chapter 4.11, "Challenge, Adjustment, and Appeal Tools," contains examples of the type of supporting documentation a school must submit to support the incorrect data challenge allegation.

A letter on the school's letterhead.

The letter must include the school's OPE ID number, a statement indicating that the school is submitting an incorrect data challenge, and the cohort fiscal year to which the incorrect data challenge applies. The letter must feature a subject line that reads "Subject: Cohort FY [insert cohort fiscal year being used in the incorrect data challenge] Incorrect Data Challenge." The letter must include a certification that the information provided is true and correct under penalty of perjury. The school's President/CEO/Owner must sign the letter, and the signature must be followed by a signature block showing the signer's name and job title. Figure 4.1.3 is a sample school incorrect data challenge letter to a data manager.

The Department recommends that a school send all incorrect data challenge correspondence return receipt requested or via commercial overnight mail/courier delivery. This will be useful to a school if it is asked to authenticate the timeliness of its incorrect data challenge. A school should maintain the documentation that verifies the receipt of the incorrect data challenge as well as all electronic and hardcopy documentation submitted as a part of the incorrect data challenge process. If a school does not meet the 45-calendar-day time frame for submitting an incorrect data challenge, the incorrect data challenge will not be reviewed.

The data manager must respond to a school's incorrect data challenge within 30 calendar days of receiving the incorrect data challenge. If the data manager disagrees with a school's incorrect data challenge allegations, it must provide documentation to support its decision.

#### How does a school identify the data manager of a loan?

The guarantor/servicer code on the loan record detail report shows the data manager responsible for a loan. A school can use this number to obtain the name and address of the data manager. See the "Numerical Data Manager Contacts" section in Chapter 2.6, "General Information Tools," for a listing of data manager codes and addresses.

### How does a data manager respond to a school's incorrect data challenge?

Timing is critical when responding to a school's incorrect data challenge. A data manager is required to respond to a school's timely submitted incorrect data challenge for those loans for which the entity is the data manager and send a copy of the response to Default Management. However, a data manager must not review a

## CHAPTER 4.1 -Incorrect Data Challeng

### Figure 4.1.3 - Sample School Incorrect Data Challenge Letter to Data Manager

### **GRAPHICTECH**

Graphic Tech 9765 Arts Lane Coral City, Iowa 12345-9765 1-987-654-3210

February 14, 2003

ATTN: Lesa Neiers Compliance Officer State Guaranty Agency 132 Ocean Front Road Black Diamond Bay, Nebraska 13213-0132

Subject: Cohort FY 2001 Incorrect Data Challenge

Dear Ms. Neiers:

Graphic Tech, OPE ID 099999, is challenging the cohort FY 2001 draft cohort default rate data found in our loan record detail report for the draft cohort default rates. Please see the enclosed spreadsheet, pages from the loan record detail report for the draft cohort default rates, and supporting documentation.

I, the undersigned, certify under penalty of perjury, that all information submitted in support of this incorrect data challenge is true and correct.

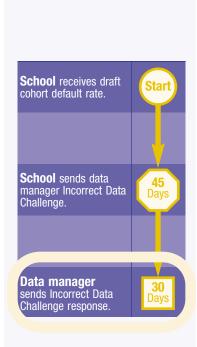
Thank you for your consideration.

Sincerely,

OPE ID 099999

Alexander Peachum President, Graphic Tech

Enclosures



school's incorrect data challenge if the 45-calendar-day time frame for a school to submit the incorrect data challenge has expired. If the school's due date falls on a weekend or a federal holiday, a school may send its incorrect data challenge to the data manager no later than the next federal business day.

Before denying a school's incorrect data challenge on the basis of a late submission, a data manager should verify the actual date the school received its hardcopy loan record detail report for the draft cohort default rates from Default Management. If the school did not submit the incorrect data challenge in a timely manner, the data manager must not review any part of the incorrect data challenge. In its response to the school, the data manager should explain that it is unable to review the incorrect data challenge because the school missed the regulatory deadline. The data manager must also send a copy of the response to Default Management.

The data manager must respond to a timely submitted incorrect data challenge within 30 calendar days of receiving the incorrect data challenge. In its incorrect data challenge response, the data manager will address each of the school's timely submitted incorrect data challenge allegations. If the data manager does not respond within 30 calendar days, the school should advise Default Management in writing of the delay.

If the incorrect data challenge is timely, a data manager must review each incorrect data challenge allegation submitted by the school. The data manager should determine the following:

The data manager should determine if the incorrect data challenge allegations presented by the school are based on loans that the data manager currently holds.

If the data manager does not hold the loans, the data manager should notify the school and Default Management that the incorrect data challenge must be submitted to the appropriate data manager and remind the school that the incorrect data challenge must be submitted to the appropriate data manager within 45 calendar days of the school's receipt of its hardcopy loan record detail report for the draft cohort default rates. There will be some instances where the data manager was the former holder of the loans but those loans have been assigned to the Department and the loan record detail report for the draft cohort default rates does not yet reflect the assignment. In that event, the data manager should send the school and Default Management a notice stating that the loans have been assigned to the Department. The school then has until the later of the initial 45-calendar-day deadline or 15 calendar days after receipt of the letter from the data manager to submit the incorrect data challenge to Default Management.

CHAPTER 4.1 ncorrect Data Challenge

- The data manager should determine if all relevant material is present.
  - See the section of this chapter entitled "How does a school submit an incorrect data challenge?" for information on the materials a school is required to submit with its incorrect data challenge. If a school fails to provide the data manager with all of the necessary information, the data manager must ask the school to submit the missing information. However, the school must submit this additional information to the data manager within the initial 45-calendar-day deadline for submitting incorrect data challenges. If the school does not submit the additional information within the deadline, the data manager must not review the incorrect data challenge allegation.
- The data manager should determine if its documentation supports or refutes each of the incorrect data challenge allegations listed on the school's spreadsheet.

The data manager should agree with the school if the data manager's documentation supports the school's claim or if the school has demonstrated that the data manager has failed to take into account correct information the school timely sent to the data manager or the National Student Loan Data System (NSLDS).

The data manager should disagree with the school if the data manager's documentation refutes the school's claim or if the school failed to demonstrate that the correct information was timely submitted to the data manager or NSLDS. The data manager must explain to the school why it disagrees with the school and send the school a copy of the data manager's supporting documentation. The data manager must send a copy of the response and the supporting documentation to Default Management.

After making its determinations, the data manager must compile a list of the data manager's responses to the school's list of alleged errors. The data manager must record the responses to each of the alleged errors on an incorrect data challenge response spreadsheet and provide comments on why the data manager agrees or disagrees with each of the school's incorrect data challenge allegations. If the data manager agrees that a change should be made, it must correct the data in its internal data system and in NSLDS. Before the release of the official cohort default rates, the data manager must ensure that the changes it agreed to make were successfully loaded into NSLDS. The data manager should check the NSLDS error report.

Number of Borrowers: 3

Number of Loans:

### Figure 4.1.4

Sample Data Manager Incorrect Data Challenge Response Spreadsheet to School The data manager must provide supporting documentation if the data manager disagrees with the school's incorrect data challenge allegations. In addition, if the data manager's response indicates that a loan has been repurchased, the data manager should provide the original claim paid date, the repurchase date, the reason the loan was repurchased, and the default date if any subsequent claim was filed. The data manager's response must include the following:

A spreadsheet of the data manager's responses to the school's list of alleged errors.

Figure 4.1.4 is a sample data manager incorrect data challenge response spreadsheet to a school. The instructions for creating and completing the spreadsheet are in the "Spreadsheet Tools" section of Chapter 4.11, "Challenge, Adjustment, and Appeal Tools."

Type: Incorrect Data Challenge

Cohort FY: 2001

From: State Guaranty Agency

Code: 111
To: Graphic Tech
Code: 099999

0000.											
	Α	В	C	D	E	F	G	Н	I	J	K
1	Borrower's SSN	Borrower's Name	Type of Loans	Number of Loans	Earlier of LDA or LTH	Date Entered Repayment	CPD, DD, ICRD, or N/A	Cohort FY(s)	Effect on Calculation	Comments	Agree/ Disagree
<b>2</b> 0	10-10-0101	Hartsgrove, Matt	SF	1	12/21/1999	06/22/2000	06/25/2002	FY 2001 FY 2000	- B +D	School sent enrollment status change on 01/15/2000	Agree
3 1	01-01-1010	Freerkson, Drew	SF	1	10/01/1999	04/02/2000	12/02/2001	FY 2001	No effect	School says loan repaid but no supporting documentation	Disagree
4 1	01-01-1010	Freerkson, Drew	SU	1	10/01/1999	04/02/2000	12/02/2001	FY 2001	No effect	School says loan repaid but no supporting documentation	Disagree
5											

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- Copies of supporting documentation for each incorrect data challenge allegation with which the data manager disagreed.
- A letter on the data manager's letterhead with the school's name and OPE ID number.

The letter must indicate that the data manager is responding to the school's incorrect data challenge and state the cohort fiscal year to which the response applies. The letter must feature a subject line that reads "Subject: Cohort FY [insert cohort fiscal year being used in the challenge] Incorrect Data Challenge Response." The letter must include a statement that a copy of the response has been sent to Default Management. The responsible data manager official must sign the letter, and the signature must be followed by a signature block showing the signer's name and job title. Figure 4.1.5 is a sample data manager incorrect data challenge response letter.

## GHAPTER 4.1 ncorrect Data Challeno

## Figure 4.1.5 - Sample Data Manager Incorrect Data Challenge Response Letter to School



132 Ocean Front Road Black Diamond Bay, Nebraska 13213-0132

March 1, 2003

Alexander Peachum President Graphic Tech 9765 Arts Lane Coral City, Iowa 12345-9765 OPE ID 099999

Subject: Cohort FY 2001 Incorrect Data Challenge Response

Dear Mr. Peachum:

This is State Guaranty Agency's response to the cohort FY 2001 incorrect data challenge that Graphic Tech, OPE ID 099999, submitted on February 14, 2003. Please see the enclosed spreadsheet.

For each "Agree" in the "Agree/Disagree" column of the spreadsheet we will update the National Student Loan Data System (NSLDS) and our internal records. You should check your loan record detail report for the official cohort default rates to ensure that the change was made, and if not, submit an uncorrected data adjustment to Default Management.

For each "Disagree" in the "Agree/Disagree" column of the spreadsheet we have reviewed our records and determined that they do not support the allegation. We have included a comment stating our position and attached copies of the documentation supporting our position. We will not make a change to NSLDS or to our internal records.

Sincerely, Nonne Cotter

Yvonne Carter CEO

Enclosures

cc: U.S. Department of Education Default Management The data manager sends its response to the school and a copy of the response to Default Management.

If a data manager is unable to respond within 30 calendar days of receiving the school's incorrect data challenge, it should send the school a letter on its official letterhead explaining the circumstances causing the delay, telling the school when it will respond, and indicating that Default Management has been informed of the delay.

If a data manager can respond to only a portion of a school's incorrect data challenge allegations within 30 calendar days, it should hold that portion of the response until it can provide a response to all of the school's incorrect data challenge allegations. The data manager should send a letter to the school and Default Management that provides the information outlined above.

### Which Department address does a data manager use for submitting a copy of its incorrect data challenge response?

See the "Which address does a school or data manager use for submitting challenge, adjustment, or appeal materials to Default Management?" section of Chapter 4.11, "Challenge, Adjustment, and Appeal Tools," for the address for Default Management. A data manager should not send incorrect data challenge materials to any other addresses at the Department.

Default Management recommends that a data manager send all correspondence return receipt requested or via commercial overnight mail/courier delivery. This will be useful to a data manager if it is asked to authenticate the timeliness of its response. A data manager should maintain the documentation that verifies the receipt of the incorrect data challenge response as well as all other electronic and hardcopy documentation submitted as a part of the incorrect data challenge process.

The data manager can use this information when submitting monthly status reports to Default Management. For additional information on monthly status reports, see Chapter 3.2, "Data Manager Strategies."

## CHAPTER 4.1 -|correct Data Challenge

### What does Default Management do with a data manager's incorrect data challenge response?

Default Management reviews data manager responses to schools' incorrect data challenges to ensure that the responses are correct. If Default Management determines that the data manager responses are not correct, Default Management will notify the data manager and the school prior to the release of the official cohort default rates that the data manager's responses were incorrect and will provide the correct responses. Default Management will instruct the data manager to resubmit the corrected data to NSLDS. The data manager must ensure that NSLDS is correctly updated. The data manager must also ensure that its internal records are correctly updated.

## What does a school do with a data manager's incorrect data challenge response?

The incorrect data challenge process is considered complete when the data manager responds to the school's incorrect data challenge. However, in those cases where the data manager's response is unclear, incorrect, missing, or incomplete, the school may submit a request to the data manager for clarification. A school must submit the request to the data manager within 15 calendar days of the receipt of the incorrect data challenge response. The school must send a copy of the inquiry letter to Default Management. The data manager should respond to the school's inquiry within 20 calendar days of receiving the inquiry and send a copy of the response to Default Management.

A school cannot appeal a data manager's incorrect data challenge response to Default Management during the draft process. The school should keep the data manager's incorrect data challenge response to review and to compare the response to the school's loan record detail report for the official cohort default rates.

A school cannot appeal a data manager's incorrect data challenge response to Default Management during the draft process

	School to Data Manager Incorrect Data Challenge Checklist
Dete	Permine  Does the loan record detail report for the draft cohort default rates contain inaccurate data? (See page 4.1-1)
Subi	mit to Data Manager Spreadsheet (See page 4.1-5) Relevant Pages of Loan Record Detail Report (See page 4.1-5) Supporting Documentation (See page 4.1-5) Letter (See page 4.1-6)

Data Manager to School Incorrect Data Challenge Checklist
Determine  ☐ Was the school submission timely? (See page 4.1-7)  ☐ Does the data manager hold the loans? (See page 4.1-7)  ☐ Is all the material present? (See page 4.1-8)
<ul> <li>□ Does the data manager agree or disagree with the school? (See page 4.1-8)</li> <li>Response to School</li> <li>□ Spreadsheet (See page 4.1-10)</li> <li>□ Supporting Documentation (See page 4.1-10)</li> <li>□ Letter (See page 4.1-10)</li> </ul>
Follow-Up  Send copy of response to Default Management (See page 4.1-12)  Update NSLDS and internal records (if necessary) (See page 4.1-9)  Send monthly status report to Default Management (See page 4.1-12)